



Senate

General Assembly

File No. 50

February Session, 2004

Substitute Senate Bill No. 111

Senate, March 15, 2004

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PHARMACY BENEFIT MANAGEMENT PLANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2004*) The Insurance
2 Commissioner, in consultation with the Commission on Pharmacy,
3 shall study pharmacy benefit management plans. Such study shall
4 determine whether further regulation of such plans is required. If the
5 commissioner determines that further regulation is required, the
6 commissioner shall indicate the type of regulation required. Not later
7 than January 1, 2005, and annually thereafter, the commissioner shall
8 submit such determinations to the joint standing committee of the
9 General Assembly having cognizance of matters relating to insurance
10 in accordance with section 11-4a of the general statutes.

This act shall take effect as follows:

Section 1	<i>July 1, 2004</i>
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INS

Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Insurance Dept.; Consumer Protection, Dept.	Various - None	None	None

Municipal Impact: None

Explanation

The bill states that the Insurance Commissioner, in consultation with the Commission of Pharmacy, shall study pharmacy benefit management plans. No additional staff is required to perform the study; therefore there is no fiscal impact.

OLR Bill Analysis

sSB 111

AN ACT CONCERNING PHARMACY BENEFIT MANAGEMENT PLANS**SUMMARY:**

This bill requires the insurance commissioner, in consultation with the Commission on Pharmacy, to study pharmacy benefit management plans to determine if further regulation of the plans is needed. The commissioner must report her findings to the General Assembly's Insurance and Real Estate Committee by January 1, 2005 and annually thereafter. The report must include the type of regulation necessary, if any.

EFFECTIVE DATE: July 1, 2004

BACKGROUND***Pharmacy Benefit Managers***

Pharmacy benefit management plans, or Pharmacy Benefit Managers (PBMs), are fiscal intermediaries that specialize in administering and managing prescription drug benefit plans on behalf of plan sponsors (e.g., employers). They handle such administrative tasks as collecting funds from plan sponsors; paying providers; processing claims; and answering questions from pharmacists, doctors, and plan enrollees. They manage prescription costs through various means, including negotiating prices and rebates with drug manufacturers, requiring generic drug substitution, imposing copayment and coinsurance cost-sharing, developing restricted drug formularies, providing disease management education, implementing mail order prescription programs, and performing utilization review.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 0

